



AMERICAN WATER

**AMERICAN WATER WORKS COMPANY, INC.**

**EXECUTIVE DEVELOPMENT AND COMPENSATION COMMITTEE OF  
THE BOARD OF DIRECTORS**

**CHARTER**

**I. PURPOSE OF THE COMMITTEE**

The primary purposes of the Executive Development and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of American Water Works Company, Inc. (the “Company”) are to:

- A. assist and represent the Board in discharging its responsibilities to the shareholders with respect to the Company’s compensation programs and the compensation of the Company’s directors and executives;
- B. assist in the Company’s risk assessment and risk management, as appropriate, related to matters under its purview;
- C. oversee the process of planning for the development and succession of Section 16 officers of the Company, other than the Chief Executive Officer (the “CEO”);
- D. oversee the Company’s human capital management initiatives that attract, retain and develop the Company’s workforce in alignment with the Company’s strategic goals;
- E. review and discuss with the Company’s management the Compensation Discussion and Analysis (“CD&A”) to be included in the Company’s annual proxy statement or Annual Report on Form 10-K (the “Annual Report”); and
- F. prepare an annual report for inclusion in the Company’s annual proxy statement or Annual Report, in accordance with the applicable rules and regulations of the New York Stock Exchange (the “NYSE”) and the U.S. Securities and Exchange Commission (the “SEC”).

For purposes hereof, the term “executive officers” shall mean the CEO and all executives who report directly to the CEO, and the term “Section 16 officers” shall mean officers of the Company that the Board determines are subject to Section 16 of the Securities Exchange Act of 1934, as amended.

## **II. STRUCTURE AND OPERATIONS**

### Composition and Qualifications

The Committee shall consist of at least three members of the Board. Each member of the Committee shall be independent. In each case the Board shall determine “independence” in accordance with the rules of the SEC, NYSE and the Board’s Corporate Governance Guidelines.

### Appointment and Removal

The members of the Committee shall be appointed by the Board from among its members, considering the recommendations of the Nominating/Corporate Governance Committee. Each member shall serve until such member’s successor is duly elected and qualified or until such member’s earlier death, resignation or removal. The actual number of members shall be determined from time to time by resolution of the Board.

### Chair/Secretary

The Board shall designate a chair of the Committee (the “Chair”) from among its members, considering the recommendations of the Nominating/Corporate Governance Committee. The Chair will preside at, and prepare an agenda for, each Committee meeting. The Chair shall appoint a secretary (who need not be a member of the Committee) to take written minutes of the meetings. In the absence of the Chair during any Committee meeting, the Committee may designate a chair pro tempore.

## **III. MEETINGS**

The Committee shall meet at least twice annually, or more frequently as circumstances require. The Chair, or in the absence thereof, any member of the Committee, may call meetings of the Committee. Meetings of the Committee may be held by any means of remote communication through which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting. At a meeting of the Committee, at least fifty percent (50%) in number of the current members of the Committee shall constitute a quorum, and a quorum is required for the transaction of all Committee business. Notice of a meeting of the Committee to each member, if required, shall be effected in accordance with Article III of the Company’s Amended and Restated Bylaws with respect to meetings of the Board. The Committee shall act only on the affirmative vote of a majority of its members at a meeting at which a quorum is present or by unanimous written consent.

As part of its review and establishment of the performance criteria and compensation of the Company’s executives, the Committee shall meet separately at least on an annual basis with the CEO, the Company’s principal human resources executive (“CHRO”), and any other officers, as it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall recuse

themselves from the Committee's deliberations and voting on the determination or amendment of their compensation.

Subject to the final sentence of this paragraph, all directors who are not members of the Committee may attend meetings of the Committee, but may not vote. Additionally, the Committee may invite to its meetings any director, member of management or employee of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons (other than a member of the Committee) it deems appropriate in order to carry out its responsibilities.

#### **IV. RESPONSIBILITIES AND DUTIES**

The following functions are the recurring activities of the Committee in carrying out its responsibilities under this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time, related to the purposes of the Committee in this Charter.

The Committee shall:

1. establish and review the overall compensation philosophy of the Company;
2. oversee the compensation and benefits plans and programs with respect to the Company's Section 16 officers;
3. review, on a periodic basis, the Company's executive compensation programs to determine whether they are properly coordinated and implemented and achieving their intended purpose(s);
4. periodically review and, at least annually, approve a peer group of companies against which to benchmark the Company's executive and non-employee director compensation practices;
5. review and make recommendations to the Board with respect to all of the Company's equity-based compensation plans and, with respect to any such plans approved by the Board and, if required, approved by the shareholders of the Company, take such actions thereunder as are specifically delegated to the Committee;
6. review and approve the Company's performance-based cash compensation plans that apply to executive officers, and, with respect to any such plans approved by the Board and, if required, approved by the shareholders of the Company, take such actions thereunder as are specifically delegated to the Committee;

7. for the Company's CEO, review and make recommendations to the independent members of the Board with respect to (a) the corporate goals and objectives relevant to the CEO's compensation, (b) the CEO's performance in light of the goals and objectives approved by the Board, (c) the CEO's compensation (including annual base salary, annual performance-based compensation opportunity, long-term performance-based compensation opportunity (including awards of stock options, restricted stock and performance stock units), deferral opportunity, and any special supplemental benefits) and (d) the actual awards of annual performance-based compensation and long-term performance-based compensation based on its evaluation of the CEO's performance in light of the goals and objectives approved by the independent members of the Board and the criteria established by such performance-based compensation plans;
8. for Section 16 officers of the Company other than the CEO, approve, after receiving the recommendations of, and consulting with, the CEO, (a) the annual base salary, annual performance-based opportunity and long-term performance-based opportunity of such Section 16 officers (including awards of stock options, restricted stock and performance stock units to the extent the authority to make such awards is granted to the Committee by the terms of the applicable plans and if not granted to the Committee, make recommendations to the independent members of the Board with respect thereto), deferral opportunities and any special supplemental benefits and (b) the actual awards of annual performance-based compensation and long-term performance-based compensation taking into consideration the CEO's recommendations and the criteria established by such compensation plans;
9. with respect to the Company's CEO, CFO, or COO, review and make recommendations to the independent members of the Board concerning, and with respect to any other current or former Section 16 officers of the Company, approve, any compensatory contracts or other similar transactions, including without limitation, consulting arrangements or agreements, employment contracts, or severance, change in control or termination policies, arrangements or agreements; provided, however, that a compensatory transaction, contract, arrangement or agreement with or involving a former Section 16 officer shall not require Committee approval unless such person had served as a Section 16 officer during the current or immediately preceding fiscal year;
10. monitor and receive reports from the CEO with respect to all consulting agreements, severance agreements and other employment arrangements entered into by the CEO on behalf of the Company pursuant to the CEO's delegated authority under the Company's Authorization and Limitation of Corporate Authority or any of the Company's equity benefit plans, as it or any of them may be amended from time to time;

11. review and monitor employee retirement, and other benefit plans, including plan design, features and funding;
12. oversee the activities of the Company's Retirement and Benefit Plans Investment Committee ("R&BPIC"), which acts in a fiduciary role, monitoring and reviewing plan investments, and the activities of the Benefit Administration Committee ("BAC"), which acts as administrator and fiduciary; provided, however, that the members of the BAC shall be determined by the CHRO and the members of the R&BPIC shall be selected by the Co-Chairs thereof both consistent with a previous designation by the Committee of such membership by position, role or title (including a designation of one at-large member);
13. at least annually, review management's risk assessment of the Company's compensation policies and practices, and, to the extent deemed necessary or advisable, make recommendations to the Board with respect thereto;
14. with input from the independent members of the Board, oversee the process of planning for the succession of Section 16 officers of the Company (other than the CEO), including receiving from the CEO (i) development plans and other information regarding potential successors to such Section 16 officers, and (ii) a list of qualified successor candidates for the Committee's review;
15. from time to time, but no less frequently than every two years, review and recommend to the Board the form and amount of non-employee director compensation (including perquisites and other benefits), and any additional compensation to be paid for service on Board committees or for service as a chair of a committee;
16. from time to time, but no less frequently than every two years, review and recommend to the Board the form and amount of the compensation of the Board Chair (including perquisites and other benefits); provided, however, that if and for so long as the Board Chair is a member of the Committee, such review and recommendation shall be discharged by a subcommittee of the Committee consisting of all members of the Committee other than the Board Chair;
17. at least annually, review and assess the Company's:
  - (a) human capital management and diversity, equity and inclusion programs;
  - (b) culture and related culture engagement, including the results of any annual employee culture survey undertaken; and
  - (c) organizational and leadership development plans and programs, as well as programs designed to identify, attract and retain high-potential employees;

18. establish, review periodically, and approve stock ownership guidelines and stock retention requirements, and the application and effectiveness thereof and any changes or amendments thereto;
19. review and recommend to the Board, if appropriate, the creation or revision of any compensation recoupment policy pertaining to the Company's directors or Section 16 officers;
20. review and discuss the CD&A required by rules of the SEC with management, prior to the filing of the Company's proxy statement for the annual meeting of shareholders (or Annual Report), and based on such review and discussion, the Committee shall recommend to the Board whether the CD&A should be included in the Company's proxy statement or Annual Report;
21. as appropriate, review and discuss with management other disclosures related to executive compensation not contained in the CD&A but provided elsewhere in the Company's proxy statement or Annual Report;
22. produce, review and approve an annual report required to be included in the Company's proxy statement or Annual Report, that shall state (i) whether the Committee reviewed and discussed with management the CD&A and, (ii) based on such review and discussion, that the Committee recommended to the Board that the CD&A be included in the proxy statement (or Annual Report);
23. review and discuss any compensation-related resolutions (e.g., "say on pay", "say-when-on-pay," golden parachute compensation, etc.) to be included the Company's proxy statement (or Annual Report) prior to the filing thereof, and based on such review and discussion, the Committee shall recommend to the Board whether any compensation-related resolutions should be included therein;
24. review the results of voting on any of the resolutions described in paragraph 23 above and consider whether to make or recommend appropriate adjustments to the Company's executive compensation policies and practices;
25. report regularly to the Board (i) on the matters discussed at regular or special meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate, such reports to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

## **V. RESOURCES AND AUTHORITY OF THE COMMITTEE**

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. The

Committee has authority to select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to provide advice to the Committee. In the event the Committee retains a compensation consultant, the Committee shall (i) conduct, at least annually, a review of all factors relevant to the independence of such compensation consultant (including such factors as may be required from time to time by rules of the SEC and the NYSE) and any conflicts of interest raised by the work of such compensation consultant, and (ii) have the sole authority to approve such consultant's fees and other retention terms. The Committee also has the authority to (i) retain other outside advisors, including legal counsel, as it deems appropriate in its sole discretion, (ii) approve the fees and expenses of such advisors and (iii) incur such other ordinary administrative expenses as are necessary or appropriate in carrying out its duties. The Committee will select, retain and/or replace its consultants in compliance with applicable SEC rules, including those related to independence. Notwithstanding the foregoing, nothing in this Charter requires that any consultants or advisors engaged by the Committee be independent from management.

## **VI. ANNUAL PERFORMANCE EVALUATION**

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. At least annually, the Committee shall perform a review and evaluation of its outside advisors. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

## **VII. DISCLOSURE OF CHARTER**

This Charter shall be made available on the Company's website.

## **VIII. DATE OF ADOPTION**

This Charter was adopted by the Board effective September 14, 2007, and amended on September 4, 2009, December 10, 2010, December 9, 2011, April 30, 2013, April 29, 2014, July 24, 2015, July 29, 2016, April 20, 2017, April 20, 2018, April 17, 2019, April 29, 2020, April 28, 2021, July 28, 2021, December 7, 2022 and September 28, 2023.